

## **Baucus: Budget threatens CHIP**

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WASHINGTON - Sen. Max Baucus, D-Mont., said Wednesday that more than 1 million children could lose their health care coverage under President Bush's 2008 budget proposal, but administration officials defended the plans.

Baucus said the proposed budget would threaten the success of the State Children's Health Insurance Program, or CHIP. He made the comments at a hearing of the Senate Finance Committee, which he chairs.

In addition to the 1 million children, Baucus said the proposals could drop 600,000 of their parents, caretakers and other low-income adults from coverage.

But Health and Human Services Secretary Mike Leavitt responded that under the administration proposal, no one covered under CHIP would lose coverage.

"I want to make clear to you that we have no intention in our policy that would remove existing children or existing adults from S-CHIP," he said. "We intend that they continue."

Baucus said the proposed budget provides about \$5 billion over five years in new funding for CHIP, about one-third of what will likely be needed to maintain current services. The Congressional Research Service has estimated that at least \$15 billion would be needed over five years to keep current beneficiaries from losing coverage.

Leavitt said the budget proposal does add up enough funding. In addition to the \$4.8 billion in proposed new spending, the government already plans to spend \$5 billion, and there is \$4 billion left over from previous years, Leavitt said.

The budget proposal also would reduce payments to states that offer health benefits for families above 200 percent of the federal poverty level. States could instead enroll the children under Medicaid, but that federal reimbursement rate is lower than under CHIP.

Baucus said the policy would undermine state efforts to use CHIP to expand access to all children.

"Today, a family of three with an income of twice the poverty level makes a little more than \$34,000 a year," he said. "But an average family health care plan costs about \$12,000. The budget would put health coverage out of reach for low-income working families."

More than 37,000 children in Montana are without health insurance, Baucus said. CHIP provides health insurance coverage to more than 13,000 Montana children.

"The administration's proposals would do little to help states respond to this growing crisis," he said. "It says to states like Montana who are trying to do the right thing and expand coverage we aren't with you."

The administration proposal would also stop allowing adults and parents of covered children to be covered themselves under CHIP.

Reviewing the policies, Baucus said, "That sounds to me like there would be fewer kids covered, not more."

Leavitt responded, "Our policy would be to not have any children who are covered lost from coverage, nor would we have any adults who are currently covered lost from coverage. But on a going-forward basis, we do not believe that CHIP should be the vehicle to cover adults."

Baucus was not convinced. "That may be your policy, but it looks like it's not going to be the effect," he said. "The effect is going to more uninsured kids."

Leavitt responded that the administration is committed to keeping all children covered. Baucus said the change for families over 200 percent of poverty would shift costs onto states, some of which are cash-strapped.

"We don't believe that should or would happen," Leavitt answered. "We also believe there's a need for us to work with every state."

Baucus replied, "I won't belabor the point here, but it looks to me, just looking at the numbers, the effect is going to be fewer kids, not more."

The CHIP program will expire by Sept. 30 if not reauthorized. Baucus said improving and expanding the program is his top health care priority this year as chairman of Finance, which has jurisdiction over the issue.